

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

In re:	)	
	)	Chapter 11 Case
SALANDER-O'REILLY GALLERIES, LLC,	)	
	)	Case No. 07-30005 (CGM)
Debtor.	)	
	)	
	)	
KRAKEN INVESTMENTS LIMITED,	)	
	)	
Appellant,	)	Case No. 7:11-cv-06133 - CS
	)	
v.	)	
	)	
ALAN M. JACOBS, in his capacity as the	)	
Liquidation Trustee of the SOG Liquidation Trust,	)	
	)	
Appellee.	)	
	)	

**DECLARATION OF ILAN D. SCHARF IN SUPPORT OF LIQUIDATION  
TRUSTEE'S OPPOSITION TO APPEAL OF KRAKEN INVESTMENTS LIMITED**

Ilan D. Scharf, declares under the penalty of perjury that:

1. I am a partner in the law firm of Pachulski Stang Ziehl & Jones LLP ("PSZJ"), counsel to the Alan M. Jacobs, in his capacity as Liquidation Trustee of the SOG Liquidation Trust, the appellee in the above-captioned appeal. I maintain an office at 780 Third Avenue, 36<sup>th</sup> Floor, New York, New York 10017. I am over the age of 18 years, and am not a party to the within action. Capitalized terms used but not defined herein shall have the meanings and definitions ascribed to them in the *Brief of Appellee Alan M. Jacobs, Liquidation Trustee of*

*the SOG Liquidation Trust, in Opposition to the Appeal of Kraken Investments Ltd.* filed contemporaneously herewith.

2. Attached hereto as **Exhibit A** is a true and correct copy of the Consignment Agreement submitted by Kraken in connection with this case, which is attached as an Exhibit A to the *Objection of the Liquidation Trustee to Motion of Kraken Investments Limited for Relief from the Automatic Stay*. (Appellee's Designation of Record ("Appellee R.") on Appeal No. 23; Bankruptcy Court Docket ("Bankr. Docket") No. 951.)

3. Attached hereto as **Exhibit B** is a true and correct copy of excerpts from the catalogue for *Masterpieces of Art: Five Centuries of Painting and Sculpture*, which is attached as Exhibit B to the *Objection of the Liquidation Trustee to Motion of Kraken Investments Limited for Relief from the Automatic Stay*. (Appellee R. No. 23; Bankr. Docket No. 951.)

4. Attached hereto as **Exhibit C** is a true and correct copy of the *Protocol for Assertion and Resolution of Claims of Ownership to Artworks in the Possession, Custody or Control of Salander-O'Reilly Galleries, LLC*. (Appellee R. No. 10; Bankr. Docket No. 308.)

5. Attached hereto as **Exhibit D** is a true and correct copy of the *Order Approving Joint Motion of the Debtor, the Official Committee of Unsecured Creditors and First Republic Bank for an Order (I) Approving Protocol for Assertion and Resolution of Claims of Ownership to Artworks in the Possession, Custody or Control of Salander-O'Reilly Galleries, LLC, (II) Approving Notice of the Art Claims Bar Date, and (III) Establishing a Deadline for Art*

*Claimants to Make Art Claims* entered by the Bankruptcy Court on March 11, 2008. (Appellee R. No. 11; Bankr. Docket No. 309.)

6. Attached hereto as **Exhibit E** is a true and correct copy of the *Notice of Art Claim Pursuant to Protocol and Court Order Dated March 11, 2008* filed by Kraken in the underlying chapter 11 case. (Appellee R. No. 12; Bankr. Docket No. 399.)

7. Attached hereto as **Exhibit F** is a true and correct copy of the Loan Agreement between the Bank and the Debtor dated as of June 30, 2007, which was attached as Exhibit A to the *Liquidation Trustee's Response to Supplemental Memorandum of Law in Support of Motion for Relief from the Automatic Stay*. (Appellee R. No. 27; Bankr. Docket No. 984.)

8. Attached hereto as **Exhibit G** is a true and correct copy of the UCC-1 financing statement filed by the Bank, which was attached as Exhibit A to *Supplement to Objection of the Liquidation Trustee to Motion of Kraken Investments Limited for Relief from the Automatic Stay*. (Appellee R. No. 25; Bankr. Docket No. 980.)

9. Attached hereto as **Exhibit H** is a true and correct copy of the *Final Order Pursuant to 11.U.S.C. §§361, 362, 363, 364, and 105 and Fed.R.Bankr.P. 4001 and 6004 Granting Final Approval of Debtor in Possession Financing and Use of Cash Collateral*. (Appellee R. No. 9; Bankr. Docket No. 229.)

10. Attached hereto as **Exhibit I** is a true and correct copy of the Assignment of Lien between the Bank and the Liquidation Trustee dated as of December 15, 2010, which was attached as Exhibit D to the *Objection of the Liquidation Trustee to Motion of Kraken*

*Investments Limited for Relief from the Automatic Stay.* (Appellee R. No. 23; Bankr. Docket No. 951.)

I declare under penalty of perjury that, to the best of my knowledge, the foregoing is true and correct.

Dated: New York, New York  
November 11, 2011

/s/ Ilan D. Scharf  
Ilan D. Scharf